

Message Text

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ACTION EB-08

INFO OCT-01 NEA-10 ISO-00 CAB-02 CIAE-00 COME-00
DODE-00 DOTE-00 INR-10 NSAE-00 FAA-00 L-03 MCE-00
TRSE-00 OMB-01 PM-05 NSC-05 SP-02 SS-15 /062 W
-----126226 281541Z /42

P 281509Z AUG 78
FM AMEMBASSY TEL AVIV
TO SECSTATE WASHDC PRIORITY 5178
INFO AMEMBASSY ROME PRIORITY

C O N F I D E N T I A L TEL AVIV 11099

DEPT NEA/IAI PLEASE PASS AMB LEWIS

ROME FOR RCAA

E.O. 11652: GDS
TAGS: EAIR, IS, US
SUBJECT; CIVIL AVIATION: EL AL AIRCRAFT PURCHASE

REF: TEL AVIV 9994

1. EL AL APPEARS TO HAVE MOVED CLOSER TO THE PURCHASE OF AIRBUS AIRCRAFT DURING THE LAST FEW DAYS. REPORTS HAVE APPEARED IN THE PRESS AND ON TELEVISION THAT EL AL HAS DECIDED TO PURCHASE TWO AIRBUS AIRCRAFT AT A COST OF 60 MILLION DOLLARS, WITH DELIVERY FOR THE END OF THIS YEAR. THESE REPORTS ALSO STATED THAT EL AL PILOTS HAD EXPRESSED THEIR PREFERENCE THAT EL AL NOT BUY TWO-ENGINE AIRCRAFT. SOME REPORTS ALSO MADE REFERENCE TO DIPLOMATIC PRESSURE BY U.S. TO HAVE EL AL BUY U.S. OR, MORE SPECIFICALLY, LOCKHEED AIRCRAFT.

2. EMBOFF SPOKE WITH EL AL PRESIDENT MOTTI HOD ON AUGUST 28. HOD CONFIRMED THAT EL AL BOARD OF DIRECTORS HAD GIVEN TENTATIVE APPROVAL TO PURCHASE OF AIRBUS SUBJECT TO CERTAIN CONFIDENTIAL

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CONDITIONS WHICH HE DID NOT SPECIFY. HE INDICATED THAT THE CONDITIONS WERE NOW BEING NEGOTIATED OR WORKED OUT. PURCHASE HAD ALSO TO BE APPROVED BY THE GOVERNMENT. HOD SAID THAT SUCH A DECISION WOULD BE MADE BY SEPTEMBER 10.

3. ROBERT WILLS, LOCKHEED OFFICIAL WHO HAS BEEN WORKING ON THIS SALE, REPORTED THAT HE HAD MET WITH EL AL CHAIRMAN

BEN-ARI IN LONDON ON AUGUST 21. WILLS WAS SURPRISED THAT EL AL BOARD OF DIRECTORS HAD DECIDED ON AIRBUS SINCE BEN-ARI STATED THAT NO RPT NO ACTION WOULD BE TAKEN FOR ANOTHER WEEK OR TEN DAYS.

4. AFTER SPEAKING WITH EL AL OFFICIALS, WILLS CONFIRMED THAT EL AL BOARD OF DIRECTORS HAD GIVEN TENTATIVE APPROVAL TO RECOMMENDATIONS OF HOD. EL AL BOARD OF DIRECTORS WOULD RECONFIRM ITS DECISION BY AUGUST 31 AND THEN INFORM WILLS OFFICIALLY. TWO CONDITIONS WERE ATTACHED; ONE HAVING TO DO WITH OFFSET PURCHASES AND THE OTHER WITH FINANCING. WILLS ALSO STATED THAT HIS INFORMATION WAS THAT EL AL DECISION HAD TO BE APPROVED BY THE MINISTERIAL ECONOMIC COMMITTEE.

5. COMMENT; IT APPEARS THAT THE DEVELOPMENTS DURING LAST WEEKEND HAVE IMPROVED AIRBUS PROSPECTS AT THE EXPENSE OF LOCKHEED. THE ONLY WAY TO TURN THE SITUATION AROUND SEEMS TO BE FOR THE ECONOMIC MINISTERS TO DISAPPROVE THE PURCHASE OR SEND IT BACK FOR RECONSIDERATION.

6. EMBASSY PREPARED TO MAKE FURTHER REPRESENTATIONS TO APPROPRIATE GOI OFFICIALS BUT WOULD APPRECIATE DEPARTMENT'S GUIDANCE OR ADVISABILITY OF DOING SO AND ON WHAT POINTS WE SHOULD RAISE. LEWIS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CIVIL AVIATION, PROCUREMENT, AIRCRAFT
Control Number: n/a
Copy: SINGLE
Draft Date: 28 aug 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978TELAV11099
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780351-0161
Format: TEL
From: TEL AVIV
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780815/aaaaamwr.tel
Line Count: 85
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 5c18635a-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 78 TEL AVIV 9994
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 31 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1596966
Secure: OPEN
Status: NATIVE
Subject: ; CIVIL AVIATION: EL AL AIRCRAFT PURCHASE
TAGS: EAIR, IS, US, EL AL AIRLINES
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/5c18635a-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014